

Carrier to Carrier
Performance Standards and Reports
Verizon Massachusetts November 2001

CLEC Aggregate Performance
MAINTENANCE - UNE POTS / SPECIAL SERVICES

2-Wire xDSL Loops - Maintenance

Metric #	Standard	Vz	CLEC Aggregate	Vz	All CLECs	Standard Deviation	Sampling Error	Z-Score
MR-2 - Trouble Report Rate								
MR-2-02-3342	Network Trouble Report Rate - Loop	Parity with Retail	0.79	0.58	3879557	14408	0.07	2.79
MR-2-03-3342	Network Trouble Report Rate - Central Office	Parity with Retail	0.09	0.06	3879557	14408	0.02	1.29
MR-2-04-3342	% Subsequent Reports	Assessed UC/W MRAs	15.19	7.09	40086	127	3.19	2.54
MR-2-05-3342	% CPE/TOK/FOK Trouble Report Rate	None: Analysis Only	0.65	0.61	3879557	14408	0.07	0.58
MR-3 - Missed Repair Appointments								
MR-3-01-3342	% Missed Repair Appointment - Loop	Parity with Retail	8.68	8.49	30608	106	2.74	0.07
MR-3-02-3342	% Missed Repair Appointment - Central Office	Parity with Retail	10.84	0.00	3387	12	8.99	1.21
MR-3-03-3342	%CPE/TOK/FOK - Missed Appointment	No Standard	6.10	3.41	25209	88	2.56	1.05
MR-4 - Trouble Duration Intervals								
MR-4-02-3342	Mean Time To Repair - Loop Trouble	Parity with Retail	17.90	16.17	30608	106	17.51	1.70
MR-4-03-3342	Mean Time To Repair - Central Office Trouble	Parity with Retail	10.58	2.54	3387	12	15.23	4.41
MR-4-04-3342	% Cleared (all troubles) within 24 Hours	Parity with Retail	78.37	85.59	33995	118	3.80	1.90
MR-4-07-3342	% Out of Service > 12 Hours	Parity with Retail	55.51	46.00	26013	100	4.98	1.91
MR-4-08-3342	% Out of Service > 24 Hours	Parity with Retail	21.27	15.00	26013	100	4.10	1.53
MR-5 - Repeat Trouble Reports								
MR-5-01-3342	% Repeat Reports within 30 Days	Parity with Retail	16.99	15.25	33995	118	3.46	0.50

2-Wire xDSL Line Sharing - Maintenance

MR-2 - Trouble Report Rate								
MR-2-02-3343	Network Trouble Report Rate - Loop	0.20	0.00		2518			2.22
MR-2-03-3343	Network Trouble Report Rate - Central Office	0.04	0.12		2518			-1.74
MR-2-04-3343	% Subsequent Reports	8.31	0.00		5			0.67
MR-2-05-3343	% CPE/TOK/FOK Trouble Report Rate	1.24	1.11		2518			0.58
MR-3 - Missed Repair Appointments								
MR-3-01-3343	% Missed Repair Appointment - Loop	17.83	NA					
MR-3-02-3343	% Missed Repair Appointment - Central Office	11.38	0.00		5			0.79
MR-3-03-3343	% CPE/TOK/FOK - Missed Appointment	5.82	3.57		28			0.50
MR-4 - Trouble Duration Intervals								
MR-4-02-3343	Mean Time To Repair - Loop Trouble	25.41	NA					
MR-4-03-3343	Mean Time To Repair - Central Office Trouble	12.21	10.84		5			0.21
MR-4-04-3343	% Cleared (all troubles) within 24 Hours	75.64	80.00		5			0.23
MR-4-07-3343	% Out of Service > 12 Hours	64.45	20.00		5			2.06
MR-4-08-3343	% Out of Service > 24 Hours	24.86	20.00		5			0.25
MR-5 - Repeat Trouble Reports								
MR-5-01-3343	% Repeat Reports within 30 Days	55.52	20.00		5			1.59

2-Wire xDSL Line Splitting - Maintenance

MR-2 - Trouble Report Rate								
MR-2-02-3345	Network Trouble Report Rate - Loop	0.20	NA					
MR-2-03-3345	Network Trouble Report Rate - Central Office	0.04	NA					
MR-2-04-3345	% Subsequent Reports	8.31	NA					
MR-2-05-3345	% CPE/TOK/FOK Trouble Report Rate	1.24	NA					
MR-3 - Missed Repair Appointments								
MR-3-01-3345	% Missed Repair Appointment - Loop	17.83	NA					
MR-3-02-3345	% Missed Repair Appointment - Central Office	11.38	NA					
MR-3-03-3345	% CPE/TOK/FOK - Missed Appointment	5.82	NA					
MR-4 - Trouble Duration Intervals								
MR-4-02-3345	Mean Time To Repair - Loop Trouble	25.41	NA					
MR-4-03-3345	Mean Time To Repair - Central Office Trouble	12.21	NA					
MR-4-04-3345	% Cleared (all troubles) within 24 Hours	75.64	NA					
MR-4-07-3345	% Out of Service > 12 Hours	64.45	NA					
MR-4-08-3345	% Out of Service > 24 Hours	24.86	NA					
MR-5 - Repeat Trouble Reports								
MR-5-01-3345	% Repeat Reports within 30 Days	55.52	NA					

Special Services - Maintenance

MR-2 - Trouble Report Rate								
MR-2-01-3200	Network Trouble Report Rate	0.20	1.62	462981	3579		0.08	-18.81
MR-2-05-3200	% CPE/TOK/FOK Trouble Report Rate	0.27	2.63	462981	3579		0.09	-27.35
MR-4 - Trouble Duration Intervals								
MR-4-01-3216	Mean Time To Repair - Total - Non DS0 & DS0	6.52	NA	745		6.74		
MR-4-01-3217	Mean Time To Repair - Total - DS1 & DS3	6.99	7.13	192	58	6.74	1.01	-0.14
MR-4-04-3216	% Cleared (all troubles) within 24 Hours - Non DS0 & DS0	97.89	NA	745				
MR-4-04-3217	% Cleared (all troubles) within 24 Hours - DS1 & DS3	97.40	100.00	192	58		2.38	1.06
MR-4-06-3216	% Out of Service > 4 Hours - Non DS0 & DS0	57.42	NA	714				
MR-4-06-3217	% Out of Service > 4 Hours - DS1 & DS3	61.78	63.79	191	58		7.29	-0.28
MR-4-08-3216	% Out of Service > 24 Hours - Non DS0 & DS0	1.96	NA	714				
MR-4-08-3217	% Out of Service > 24 Hours - DS1 & DS3	2.62	0.00	191	58		2.39	1.09
MR-5 - Repeat Trouble Reports								
MR-5-01-3200	% Repeat Reports within 30 Days	18.25	6.90	937	58		5.23	2.17

Legend Notations defined on Legend sheet - last page

Carrier to Carrier
Performance Standards and Reports
Verizon Massachusetts November 2001

CLEC Aggregate Performance
TRUNKS

ORDERING		Aggregate Interconnection							
Metric #	Standard	Actual Performance	Number of Observations						
OR-1-12-5020	OR-1 - Order Confirmation Timeliness % On Time FOC (<= 192 Forecasted Trunks) % On Time FOC (> 192 and Unforecasted Trunks) % On Time Design Layout Record (DLR) % On Time Resp. - Request for Inbound Augment Trunks (<= 192 Forecasted Trunks) % On Time Resp. - Request for Inbound Augment Trunks (> 192 Forecasted Trunks)	95% on time - 10 Business Days	90.91	11					
OR-1-12-5030		Negotiated Process	85.39	89					
OR-1-13-5020		95% on time - 10 Business Days	100.00	92					
OR-1-19-5020		95% on time - 10 Business Days	100.00	12					
OR-1-19-5030		Negotiated Process	100.00	2					
OR-2-12-5000	OR-2 - Reject Timeliness % On Time Trunk ASR Reject (<= 192 Forecasted Trunks)	95% on time - 10 Business Days	100.00	5					
PROVISIONING		Actual Performance	Number of Observations						
		Vz	CLEC Aggregate	Vz	All CLECs	Standard Deviation	Sampling Error	Z-Score	
PR-1-09-5020	PR-1 - Average Interval Offered Av. Interval Offered - Total (<= 192 Forecasted Trunks)	Party with IXC / FGD	23.21	18.75	24	7.85	4.24	1.05	
PR-1-09-5030	Av. Interval Offered - Total (> 192 & Unforecasted Trunks)	Party with IXC / FGD	16.09	21.56	11	7.31	2.41	-2.27	
PR-4-01-5000	PR-4 - Missed Appointment % Missed Appointment - Verizon - Total	Party with IXC / FGD	0.00	0.00	4361	12098			
PR-4-02-5000	Average Delay Days - Total	Party with IXC / FGD	NA	NA					
PR-4-03-5000	% Missed Appointment - Customer	None: Analysis Only	22.98	21.51					
PR-4-07-3540	% On Time Performance - LNP Only	95% on Time	99.50		8203				
PR-5-01-5000	PR-5 - Facility Missed Orders % Missed Appointment - Verizon - Facilities	Party with IXC / FGD	0.00	0.00	4361	5037			
PR-5-02-5000	% Orders Held for Facilities > 15 Days	Party with IXC / FGD	0.00	0.00	4361	5037			
PR-5-03-5000	% Orders Held for Facilities > 60 Days	Party with IXC / FGD	0.00	0.00	4361	5037			
PR-6-01-5000	PR-6 - Installation Quality % Installation Troubles reported within 30 Days	Party with IXC / FGD	0.00	0.00	4361	12098			
PR-6-03-5000	% Inst. Troubles reported within 30 Days - FOK/TOK/CPE	None: Analysis Only	0.05	0.00	4361	12098	0.04	1.21	
PR-8-01-5000	PR-8 - Open Orders in a Hold Status Open Orders in a Hold Status > 30 Days	Party with IXC / FGD	0.00	0.00	4361	12098			
PR-8-02-5000	Open Orders in a Hold Status > 90 Days	Party with IXC / FGD	0.00	0.00	4361	12098			
MAINTENANCE									
MR-2-01-5000	MR-2 - Trouble Report Rate Network Trouble Report Rate	Party with IXC / FGD	0.00	0.00	264340	421525	0.00	0.96	
MR-4-01-5000	MR-4 - Trouble Duration Intervals Mean Time To Repair - Total	Party with IXC / FGD	1.66	1.56	7	6	1.80	1.00	0.10
MR-4-04-5000	% Cleared (all troubles) within 24 Hours	Party with IXC / FGD	100.00	100.00	7	6			
MR-4-05-5000	% Out of Service > 2 Hours	Party with IXC / FGD	14.29	16.67	7	6		19.47	-0.12
MR-4-06-5000	% Out of Service > 4 Hours	Party with IXC / FGD	14.29	16.67	7	6		19.47	-0.12
MR-4-07-5000	% Out of Service > 12 Hours	Party with IXC / FGD	0.00	0.00	7	6			
MR-4-08-5000	% Out of Service > 24 Hours	Party with IXC / FGD	0.00	0.00	7	6			
MR-5-01-5000	MR-5 - Repeat Trouble Report Rates % Repeat Reports within 30 Days	Party with IXC / FGD	0.00	0.00	7	6			
NETWORK PERFORMANCE									
NP-1-01-5000	NP-1 - Percent Final Trunk Group Blockage % Final Trunk Groups Exceeding Blocking Standard	See Guidelines	0.62	0.00	321	355		0.60	1.03
NP-1-02-5000	% FTG Exceeding Blocking Std. - (No Exceptions)	See Guidelines	0.62	1.69	321	355		0.60	-1.77
NP-1-03-5000	Number FTG Exceeding Blocking Std. - 2 Months	See Guidelines		0		355			
NP-1-04-5000	Number FTG Exceeding Blocking Std. - 3 Months	See Guidelines		0		355			
NP-2-01-6701	NP-2 - Collocation Performance - New % On Time Response to Request for Physical Collocation	95% on time	100.00			7			
NP-2-02-6701	% On Time Response to Request for Virtual Collocation	95% on time	NA						
NP-2-03-6701	Average Interval - Physical Collocation	No standard	76.00						
NP-2-04-6701	Average Interval - Virtual Collocation	No standard	NA						
NP-2-05-6701	% On Time - Physical Collocation	95% on time	100.00			1			
NP-2-06-6701	% On Time - Virtual Collocation	95% on time	NA						
NP-2-07-6701	Average Delay Days - Physical Collocation	No standard	NA						
NP-2-08-6701	Average Delay Days - Virtual Collocation	No standard	NA						
NP-2-01-6702	NP-2 - Collocation Performance - Augment % On Time Response to Request for Physical Collocation	95% on time	100.00			7			
NP-2-02-6702	% On Time Response to Request for Virtual Collocation	95% on time	100.00			1			
NP-2-03-6702	Average Interval - Physical Collocation - 76 Days	No standard	64.60						
NP-2-03-6712	Average Interval - Physical Collocation - 45 Days	No standard	NA						
NP-2-04-6702	Average Interval - Virtual Collocation	No standard	59.00						
NP-2-05-6702	% On Time - Physical Collocation - 76 Days	95% on time	100.00			5			
NP-2-05-6712	% On Time - Physical Collocation - 45 Days	See Legend	NA						
NP-2-06-6702	% On Time - Virtual Collocation	95% on time	100.00			1			
NP-2-07-6702	Average Delay Days - Physical Collocation	No standard	NA						
NP-2-08-6702	Average Delay Days - Virtual Collocation	No standard	NA						

Legend Notations defined on Legend sheet - last page

Carrier to Carrier
Performance Standards and Reports
Verizon Massachusetts November 2001

LEGEND

* = Verizon North (CT, MA, ME, NH, NY, RI, VT)
 ** = Verizon East (CT, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VT, VA, WV and DC)
 *** = MA only
 **** = Verizon NE (MA, ME, NH, RI, VT)
 ***** = NY and CT
 ***** = NY and CT combined (CLEC result only)
 1 = 80% for December 2001 and January 2002 data months
 = 85% for February and March 2002 data months
 = 90% for April and May 2002 data months
 = 95% for June 2002 and forward data months
 UD = Performance metric is under development
 UR = Performance metric is under review
 NA = No Activity
 NEF = No Existing Functionality
 TBD = Performance standard is to be determined
 R3 = Run 3 times per year
 I/C/W MRAs = Party to be assessed in conjunction with missed appointments
 1-9=5, 10+=Negotiated = 1-9 Loops, 5 days
 10+ Loops, Negotiated
 95% Completed Within Window = Standard for Cut-Over Window
 1 to 9 lines: 1 hour
 10 to 49 lines: 2 hours
 50 to 99 lines: 3 hours
 100 to 199 lines: 4 hours
 200 plus lines: 8 hours
 EEL = 1-9 Loops, 15 days
 10+, Negotiated
 No Facilities, ECCD+15 Days
 Disconnects, 2 Days
 IOF = Facilities Check, 72 Hours
 Facilities Available (Quantity 1-8), 15 Days
 Facilities Available (Quantity > 8), Negotiated
 Facilities Not Available, Negotiated
 Jeopardy = 100% at least 24 hours before due date with facilities
 100% at least 48 hours before due date without facilities

REPLY DECLARATION OF ELAINE M. GUERARD,
JULIE A. CANNY, AND BETH A. ABESAMIS

ATTACHMENT 3

REDACTED – FOR PUBLIC INSPECTION

THE MATERIAL IN THIS
ATTACHMENT IS CONFIDENTIAL
AND PROVIDED ONLY ELECTRONIC
FORMAT.

C

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)	
)	
Application by Verizon New England)	
Inc., Bell Atlantic Communications,)	
Inc. (d/b/a Verizon Long Distance),)	CC Docket No. 01-324
NYNEX Long Distance Company)	
(d/b/a Verizon Enterprise Solutions),)	
Verizon Global Networks Inc., and)	
Verizon Select Services Inc. for)	
Authorization to Provide In-Region,)	
InterLATA Services in Rhode Island)	

**REPLY DECLARATION OF DONNA C. CUPELO,
PATRICK A. GARZILLO, AND MICHAEL J. ANGLIN**

1. My name is Donna C. Cupelo. My background is described in the declaration that Patrick A. Garzillo, Michael J. Anglin and I filed with Verizon's Rhode Island section 271 Application on November 26, 2001. I am responsible for all sections of this reply declaration.

2. My name is Patrick A. Garzillo. My background is described in the declaration that Donna C. Cupelo, Michael J. Anglin and I filed with Verizon's Rhode Island section 271 Application on November 26, 2001. I am responsible for all sections of this reply declaration.

3. My name is Michael J. Anglin. My background is described in the declaration that Donna C. Cupelo, Patrick A. Garzillo and I filed with Verizon's Rhode Island section 271 Application on November 26, 2001. I am responsible for all sections of this reply declaration.

4. The purpose of this reply declaration is to respond to claims asserted by AT&T, WorldCom, and the Association of Communications Enterprises (“ASCENT”) in opposition to Verizon’s section 271 application for Rhode Island. Specifically, we address these parties’ claims regarding Verizon’s prices for switching usage, switch ports, and loops in Rhode Island, and their claims that UNE rates in that state give rise to a “price squeeze” that precludes competition. In each case, Verizon’s prices fall within the range that a reasonable application of TELRIC would produce. Moreover, there exists no price squeeze, and thus no barrier to competition.

I. Verizon’s Current Rates in Rhode Island Use the Rhode Island PUC’s Recommended Inputs.

5. AT&T and WorldCom incorrectly assert that the Rhode Island PUC established preconditions for any proper TELRIC study but then failed to apply those conditions in adjudicating Verizon’s UNE rates. *See, e.g.*, AT&T Comments at 3; WorldCom Comments at 3. Thus, they claim, in AT&T’s words, that the rates the PUC approved are “inconsistent with [its] own definition of what TELRIC requires.” AT&T Comments at 4. However, this is not the case.

6. First, the rates that are already in effect use the cost of capital, depreciation and fill factors set out in the PUC’s November 2001 order. *See* Cupelo/Garzillo/Anglin Decl. ¶ 50. As we explained in our initial declaration, the PUC adopted a 9.5% cost of capital. This figure is significantly lower than the “11.25 percent cost of capital used by this Commission,” Memorandum Opinion and Order, *Application of Verizon New England Inc. et al., For Authorization to Provide In-Region, InterLATA Services in Massachusetts*, 16 FCC Rcd 8988 ¶ 38 n.95 (2001) (“*Massachusetts Order*”), and is also lower than the 9.83% cost of capital that was employed in Pennsylvania when

this Commission granted Verizon's long distance application in that state, *see* Opinion and Order, *Joint Petition of Nextlink Pennsylvania, Inc., et al.*, 1999 Pa. PUR LEXIS 63 (Sept. 30, 1999) (adopting 9.83% cost of capital); Memorandum Opinion and Order, *Application of Verizon Pennsylvania, Inc., et al. for Authorization To Provide In-Region, InterLATA Services in Pennsylvania*, CC Docket No. 01-138, FCC 01-269 ¶ 57 (rel. Sept. 19, 2001) ("*Pennsylvania Order*") (noting that the 9.83% cost of capital was "consistent with the TELRIC methodology"). Verizon used a 9.5% cost of capital to calculate the rates that are now in effect. *See* Ex Parte Letter from Clint E. Odom, Verizon Communications, to Magalie Roman Salas, Secretary, FCC, CC Docket No. 01-324 (Dec. 19, 2001) ("*Rate Schedule Ex Parte*") (attaching complete rate schedule).

7. In addition, as we explain in our initial declaration, the PUC's November order concludes that Verizon should use the FCC-approved depreciation lives in TELRIC-compliant cost studies. *See* Cupelo/Garzillo/Anglin Decl. ¶ 49. The rates that are already in effect use the FCC-approved depreciation lives. *See Rate Schedule Ex Parte*.

8. Finally, the PUC adopted fill factors of 75% for feeder, 50% for distribution, and 60% for interoffice transport. *See* Cupelo/Garzillo/Anglin Decl. ¶ 44. These factors compare favorably to the factors approved by the FCC in other Applications. *See* Memorandum Opinion and Order, *Joint Application by SBC Communications Inc., et al., for Provision of In-Region, InterLATA Services in Kansas and Oklahoma*, 16 FCC Rcd 6237 ¶¶ 79-80 (2001) ("*Kansas/Oklahoma Order*"). These are also the factors that are used in Verizon's existing rates. *See* Cupelo/Garzillo/Anglin Decl. ¶ 44.

9. Thus, the fact that the PUC has directed Verizon to perform new cost studies, in some limited cases using revised inputs, does not, as AT&T and WorldCom suggest, cast any shadow on the present UNE rates, which have just been deemed TELRIC-compliant following a full PUC adjudication.

II. Verizon's Switching Usage Rates in Rhode Island.

10. AT&T and WorldCom deem Verizon's switching usage rates "excessive," and claim, erroneously, that those rates "clearly do not comport with TELRIC." AT&T Comments at 6; *see* WorldCom Comments at 4. These rates do, however, fall within the range that a reasonable application of TELRIC would produce.

11. As described in our initial declaration, the switching rates upon which Verizon relies in this application are those that it proposed to the Rhode Island PUC on October 5, 2001. Verizon had already filed these rates, based on a recent TELRIC study in Massachusetts, with the Massachusetts Department of Telecommunications and Energy ("DTE"). Verizon has provided the switching cost study, in paper form, to the Rhode Island PUC. Verizon has also provided the study, in paper and electronic form, to the Massachusetts DTE, AT&T, and WorldCom during the course of the current Massachusetts TELRIC proceeding.

12. The Rhode Island PUC approved the switching rates at issue on November 15, 2001. Those rates will take effect by February 1, 2002 -- before the close of the 90-day period in which the Commission must rule on Verizon's Application.

A. Criticisms Addressed In The Massachusetts Proceeding

13. AT&T and WorldCom specifically criticize various inputs used in developing the switching usage rates approved by the PUC. The FCC, however, does not

need to determine whether these inputs are consistent with TELRIC principles. This is because, as demonstrated in our initial declaration, the Rhode Island switching usage rates are “entitled to a presumption of compliance with TELRIC,” for “the percentage difference between [those] rates and [the Massachusetts and New York switching] rates does not exceed the percentage difference between [Rhode Island switching usage costs and switching usage costs in Massachusetts and Rhode Island], as predicted by the [FCC’s Universal Service Fund cost] model.” *Pennsylvania Order* ¶ 65; *see also Kansas/Oklahoma Order* ¶¶ 83-84 & n.244; *Massachusetts Order* ¶¶ 21-42. Moreover, even if examination of specific inputs were appropriate in this context, Verizon has fully supported these inputs during the course of the ongoing Massachusetts TELRIC proceeding, in testimony that is filed herewith as Reply Appendix B. Finally, AT&T’s and WorldCom’s criticisms ignore one crucial fact: The switching rates about which they complain are *lower* than the rates that were in place in New York and Massachusetts when the FCC approved those applications.

14. First, the Commission need not review the specific inputs about which AT&T and WorldCom complain, because the switching rates those inputs have produced satisfy the Commission’s test for TELRIC-compliance in the section 271 context. As we explained in detail in our initial declaration, Verizon’s switching rates in Rhode Island are lower than the rates operative in Massachusetts and New York when Verizon was granted section 271 approval in those states. Although Verizon’s relative switching usage costs are also lower in Rhode Island than in Massachusetts or New York, switching usage rates are *more than proportionately* lower -- that is, with respect to both Massachusetts and New York, “the percentage difference between the applicant state’s

rates and the benchmark state's rates does not exceed the percentage difference between the applicant state's costs and the benchmark state's costs, as predicted by the USF model." See Cupelo/Garzillo/Anglin Decl. ¶ 54; Memorandum Opinion and Order, *Joint Application of SBC Communications, Inc. et al., Pursuant to Section 271 of the Telecommunications Act of 1996 To Provide In-Region, InterLATA Services in Arkansas and Missouri*, CC Docket No. 01-194, FCC 01-338 ¶ 57 (rel. Nov. 16, 2001). Thus, the rates derived using the inputs about which the long-distance incumbents complain fall within "the range that the reasonable application of TELRIC principles would produce," Memorandum Opinion and Order, *Application by Bell Atlantic New York for Authorization Under Section 271 of the Communications Act To Provide In-Region, InterLATA Service in the State of New York*, 15 FCC Rcd 3953 ¶ 244 (1999) ("New York Order"); *Massachusetts Order* ¶ 20, and *de novo* review of the specific inputs would be contrary to Commission precedent. See, e.g., *Kansas/Oklahoma Order* ¶ 59; *New York Order* ¶ 244.

15. Second, even if the Commission were to examine the inputs themselves, those inputs are entirely defensible and within the range that would be produced by TELRIC. Verizon has set forth in extensive detail the rationale behind each of the five assumptions listed above. The following chart specifies the relevant portions of Verizon's Massachusetts testimony, which is included in Reply Appendix B.

Input	Relevant Testimony and Pages
Switch Discount	Panel Direct at 133-153 Panel Surrebuttal at 62-65
Cost of Capital	Vander Weide Direct at 1-50
Depreciation Lives	Sovereign Direct at 1-20 Sovereign Rebuttal at 1-6 Lacey Surrebuttal at 1-27 Sovereign Surrebuttal at 1-11
Switch Installation ("EF&I") Factor	Panel Direct at 27-31 Panel Surrebuttal at 78-81
Trunk Utilization	Panel Direct at 154 Panel Surrebuttal at 65-67

16. Third, AT&T and WorldCom overlook the fact that the switching rates in Rhode Island are lower than those that were in place in New York or Massachusetts at the time that those applications were approved. As explained in our initial declaration, Verizon chose to replace the higher Rhode Island switching rates with lower rates that it had proposed in Massachusetts in order to ensure that switching rates did not become a stumbling block during the course of this proceeding.

B. Criticism Not Addressed in Massachusetts Proceeding

17. AT&T raises one criticism that was not pertinent to the Massachusetts proceeding. In April, 2001, the Rhode Island PUC required Verizon to reduce the interim UNE rates that were then in place by 7.11% "to reflect the economic efficiencies that have resulted from mergers and process re-engineering." Order, *Total Element Long Run Incremental Cost – Final Rates for Verizon-Rhode Island*, Docket No. 2681, at 1 (May 18, 2001) (App. F, Tab. 27 of the initial application). AT&T complains that "[t]his adjustment has not been made to switch usage rates that Verizon has imported from Massachusetts." AT&T Comments at 13.

18. While AT&T is correct in stating that the switching rates borrowed from Massachusetts have not been “adjusted,” this is only because those rates *already reflect* the savings associated with process reengineering and the Bell Atlantic/NYNEX and Bell Atlantic/GTE mergers. Unlike the other Rhode Island rates, the switching rates were developed *after* the Bell Atlantic/NYNEX merger, and after completion of a process reengineering initiative. The switching cost studies therefore took any relevant efficiencies into account. These studies *also* applied a productivity factor that was not a component of the other Rhode Island cost studies. This generic factor adjusted rates to account for any efficiencies that might be captured by events such as future mergers -- including Bell Atlantic’s merger with GTE. Thus, the switching rates were not reduced by 7.11% because they already reflect the savings the 7.11% reduction was intended to account for.

19. Not surprisingly, then, the switching rates about which AT&T and WorldCom complain are *lower* than the Rhode Island rates that were reduced by the 7.11%. As described in our initial declaration, the 7.11% reduction was ordered on April 11, 2000. On October 5, 2000, Verizon voluntarily reduced its switching rates. That is, the switching rates that were approved on November 15 and that will take effect by February 1 are *lower than* the rates that were cut by 7.11% -- in part for the reasons described in the previous paragraph.

III. Verizon’s Non-Loop Rates in Rhode Island Fall Within the Zone that a Reasonable Application of TELRIC Would Produce.

20. AT&T and WorldCom also complain that Verizon’s monthly recurring charge for a local analog switch port is too high. *See* AT&T Comments at 5; WorldCom Comments at 8-9. As AT&T notes, the statewide average rate for a line-side port is

\$4.15 in Rhode Island and \$2.00 in Massachusetts. *See* AT&T Comments at 5.

However, it is inappropriate to consider this single component of non-loop rates in isolation. Port rates only constitute the “fixed” monthly charges for switching, and they should be considered in concert with other rates. This is because every CLEC that has ordered switch ports in Rhode Island has done so in conjunction with a platform arrangement, in which the CLEC is also utilizing a Verizon loop and Verizon switching usage. The following chart compares non-loop rates (switching, port, transport and signaling) in Rhode Island, Massachusetts, and New York when one considers port and usage in concert. The chart compares per-minute rates. The usage assumptions underlying this calculation are based on reported minutes of use in ARMIS. In New York and Massachusetts, where Verizon is not permitted to bill for terminating local switching on intra-switch calls, we have reduced those ARMIS minutes by an appropriate factor. Under this analysis, the non-loop costs in Rhode Island are lower than the non-loop costs in New York or Massachusetts.

21. As we explained in our initial declaration, under the Commission’s USF analysis, the relative costs of switching are lower in Rhode Island than in Massachusetts

or New York. A comparison of all non-loop costs in Rhode Island to Massachusetts and New York may impact that ratio.

22. Further, including loop rates in the analysis will produce a monthly UNE-P rate. Since no CLEC in Rhode Island has ordered a switching port without a loop, it is logical to add the loop to all the switching elements for any benchmark analysis. Under such an analysis, the monthly UNE-P rate for Rhode Island, Massachusetts, and New York are practically identical in each state. In fact, the UNE-P rate is about ****
**** in Rhode Island, **** **** per month in New York, and about ****
**** in Massachusetts. *See* Attachment 1.

IV. Verizon's Loop Rates.

23. Finally, WorldCom attempts to relitigate Verizon's loop rates, which are based on the specific inputs the Rhode Island PUC has approved. As demonstrated in our opening declaration, Verizon's loop rate in Rhode Island (\$13.93) is lower than loop rates in Massachusetts (\$14.98) and New York (\$14.42), even though its relative loop costs, as predicted by the Commission's USF model, are higher in Rhode Island than in either Massachusetts or New York. In such circumstances, Verizon's loop rates are presumed to be "TELRIC-compliant," and analysis of individual factors is unnecessary. *See, e.g., Kansas/Oklahoma Order* ¶ 59; *New York Order* ¶ 244.

24. First, WorldCom complains that Verizon has assumed the use of only fiber cable in the feeder. *See* WorldCom Comments at 10. Verizon demonstrated during the course of the state proceedings that, for the past several years, it has primarily used fiber optic systems for feeder because optical Digital Loop Carrier has become so economically efficient that all feeder capacity can be most effectively provisioned using

these systems. The PUC agreed, finding that “Verizon’s assumption that it will deploy 100 per cent fiber optic feeder cable in Rhode Island is consistent with TELRIC, as defined by the FCC, and is, on a forward-looking basis, the most efficient alternative.” Report and Order, *Review of Bell Atlantic-Rhode Island TELRIC Study*, Docket No. 2681 at 40 (Nov. 19, 2001) (“*TELRIC Order*”). (App. F, Tab 34 of initial application.) Moreover, as noted in our initial declaration, other state commissions, the FCC, and federal courts have all recognized in the context of 271 proceedings that the assumption of all fiber in the feeder is reasonable in a forward-looking TELRIC study. *See* Cupelo/Garzillo/Anglin Decl. ¶ 42; Interim Order, *Application of MFS Intelenet of Pennsylvania, Inc.*; *Application of TCG Pittsburgh*; *Application of MCI Metro Access Transmission Services, Inc.*; *Application of Eastern Telelogic Corp.*, Docket Nos. A-310203F0002, A-310213F0002, A-310236F0002 and A-310258F0002, 1997 PA. PUC LEXIS 50 at *67, *69 (PA PUC Apr. 10, 1997) (“*MFS III Interim Order*”); *Pennsylvania Order* ¶ 59; Opinion and Order Setting Rates For First Group of Network Elements, *Joint Complaint of AT&T et al. Against New York Telephone Company Concerning Wholesale Provisioning of Local Exchange Services by New York Telephone Company and Sections of New York Telephone Company’s Tariff No. 900*, Case Nos. 95-C-0657, 94-C-0095, 91-C-1174 (NYPSC Apr. 1, 1997); *New York Order* ¶¶ 248-49; *AT&T Corp. v. FCC*, 220 F.3d 607, 618-19 (D.C. Cir. 2000).

25. Second, WorldCom criticizes the use of universal digital loop carrier (“UDLC”) in the feeder. *See* WorldCom Comments at 10-11. WorldCom implies that Verizon’s model assumed only the use of UDLC, and that the PUC required it to use GR-303-compliant integrated digital loop carrier (“IDLC”) instead. Both claims are

incorrect. First, as Verizon noted during the state proceeding, its “TELRIC network uses the UDLC technology for ‘premium’ ISDN capable links and IDLC for all other links.” Verizon Initial Brief at 11, *quoted in TELRIC Order* at 43. Second, the PUC only established a presumption that Verizon should assume the use of GR-303-compliant technology in *future* cost filings. *See id.* As explained above, this requirement does not undermine the PUC’s explicit conclusion that the current rates are TELRIC-compliant.

26. Third, WorldCom claims that “Verizon’s loop rates . . . fail to reflect the forward-looking amount of structure sharing that would occur in a more competitive market.” WorldCom Comments at 11. But WorldCom ignores the fact that the PUC “accept[ed] the degree of sharing assumed by Verizon in its cost study, as it is supported by some actual experience.” *TELRIC Order* at 45. The PUC determined that in the *next* cost proceeding, it would presume the levels of structure sharing derived using the FCC’s “Hybrid Cost Proxy Model.” *Id.* The PUC was clear, however, that such suggestions did not imply any flaw in the rates resulting from the instant proceeding.

27. Fourth, WorldCom complains that “the fill factors assumed by Verizon for fiber and copper cable are unreasonably low.” As we explain above, the PUC-approved fill factors compare favorably to the factors adopted by other state commissions and approved by the FCC in the section 271 context. *See Kansas/Oklahoma Order* ¶¶ 79-80 (noting that “the Commission adopted fill factors from 50 to 75 percent for the Universal Service Fund (USF) cost model, the Kansas Commission adopted a 53 percent fill factor for distribution cable, and the New York Public Service Commission adopted a 50 percent fill factor”); *Massachusetts Order* ¶ 39 (same).

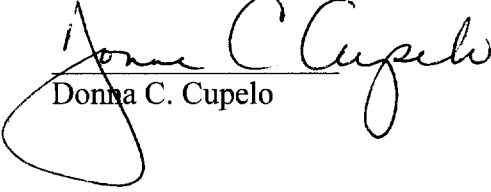
V. CLECs Can Compete Profitably in Rhode Island.

28. AT&T, WorldCom and ASCENT contend that UNE prices in Rhode Island result in a price squeeze and thus render competition impossible. *See* AT&T Comments at 17; WorldCom Comments at 3 n.2; ASCENT Comments at 4. This argument ignores the Commission’s long-held opposition to considering competitors’ profitability as a factor in section 271 applications. Even if the Commission did consider other carriers’ ability to profit in the Rhode Island market, it would find that there is ample opportunity for profitable competition in Rhode Island. *See* Attachment 2 (presenting margin analysis).

29. AT&T cites to Verizon’s “Local Package” as evidence that it cannot compete in Rhode Island. Under this plan, a customer receives unlimited local calling, unlimited local directory assistance, and three vertical features. AT&T’s analysis, however, fails to include any revenues from the SLC, intraLATA toll, or access charges. Attachment 2 shows the calculation including these items in the comparison, and demonstrates that the gross profit margin available to competitors using a UNE platform in Rhode Island is approximately *****. Moreover, a comparison of UNE-P rates against Verizon’s costs for serving an “average” Rhode Island retail customer reveals a gross profit margin of approximately *****. *See* Attachment 2.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on January 4, 2002


Donna C. Cupelo

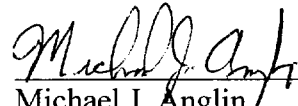
I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on January 4, 2002


Patrick A. Garzillo

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on January 4, 2002


Michael J. Anglin

**REPLY DECLARATION OF DONNA C. CUPELO,
PATRICK A. GARZILLO, AND MICHAEL J. ANGLIN**

ATTACHMENT 1

REDACTED – FOR PUBLIC INSPECTION